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SUBJECT: JOINT AMERICAN EGYPTIAN BUSINESS COUNCIL

REF: STATE 18780 B. CAIRO 1334

1. EXPANDING ON POINTS I MADE IN MEETING WITH PRIME MINISTER HEGAZI (PARA 4 REFTEL B), THE FOLLOWING ARE MORE DETAILED OBSERVATIONS ON THE CONCEPTS, COMPOSITION AND MECHANICS OF JOINT AMERICAN/EGYPTIAN BUSINESS COUNCIL (JBC). OBSERVATIONS REPRESENT THINKING OF OFFICIAL USG COMMUNITY AS WELL AS IDEAS GATHERED FROM VARIOUS US O AND EGYPTIAN BUSINESSMEN.

2. CONCEPTS: JOINT BUSINESS COUNCIL SHOULD PROMOTE MUTUALLY BENEFICIAL BUSINESS CONTACTS BETWEEN THE TWO COUNTRIES. IT SHOULD SEEK, ALTHOUGH SECONDARILY, TO PROMOTE PRIVATE SECTOR DEVELOPMENT IN EGYPT, WHERE, AS ALL ARE AWARE, OVER PAST TWENTY YEARS PUBLIC SECTOR HAS BECOME PRIMARY BUSINESS FORCE, ALBEIT BY DESIGN. IN PURSUING PRIMARY CONCEPT, JBC SHOULD DEVOTE ITSELF TO EXPLORATION OF PROSPECTS AND PROBLEMS FACING BUSINESS IN BOTH COUNTRIES. REGARDING PROSPECTS, JBC SHOULD IDENTIFY AND FACILITATE PARTICIPATION BY AMERICAN BUSINESS IN DEVELOPMENTAL AND COMMERCIAL PROJECTS IN EGYPT. REGARDING PROBLEMS, JBC SHOULD BE AN UNOFFICIAL FORUM FOR BOTH SIDES TO REVIEW PROBLEMS WHICH HAVE BEEN ENCOUNTERED, AND
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DEVELOP AND PROPOSE POSSIBLE SOLUTION, EITHER FROM WITHIN

OWN RESOURCES OR THROUGH USE INFLUENCE WITH RESPECTIVE GOVERNMENTS. IN FURTHERING SECOND GOAL, I.E. ENCOURAGING EGYPTIAN PRIVATE SECTOR, JBC SHOULD SERVE AS MUCH AS POSSIBLE AS A CONTACT BETWEEN EGYPTIAN PRIVATE SECTOR AND AMERICAN BUSINESS FOR TRANSFER OF UP-TO-DATE IDEAS ON METHODS OF OPERATION. IT SHOULD BE NOTED THAT, AS WITH ALL GROUPS, THE DYNAMICS OF PARTICIPANTS THEMSELVES WILL UNDOUBTEDLY HAVE GREAT IMPACT ON WHAT GROUP DOES AND WHERE IT GOES.

3. COMPOSITION: ON US SIDE, WE ARE PLEASED WITH CALIBER OF PERSONS AND COMPANIES THUS FAR MENTIONED, ALTHOUGH THERE SHOULD BE SOME ATTENTION TO INCLUSION OF SMALLER COMPANIES AS WELL. IT MAY ALSO BE USEFUL TO CONSIDER UTILITY OF SOME FORM OF PARTICIPATION BY TWO EXISTING US-EGYPTIAN CHAMBERS OF COMMERCE, PLUS OTHER ORGANIZATIONS ALREADY IN THE FIELD. WE DO NOT BELIEVE THAT TOTAL NUMBER NECESSARILY SHOULD BE LIMITED TO FOURTEEN. COMPOSITION OF US SIDE SHOULD INCLUDE, BY FUNCTIONS, THOSE BUSINESS AREAS IN WHICH EGYPT HAS AN INTEREST AT PRESENT OR IN WHICH FUTURE INTEREST IS KNOWN., E.G. PHARMACEUTICALS AND GLASS MANUFACTURE. ON EGYPTIAN SIDE MAJORITY MAY OF NECESSITY HAVE TO BE FROM PUBLIC SECTOR. THIS COULD SERVE, HOWEVER, TO FACILITATE DISCUSSION OF PROBLEMS ENCOUNTERED BY AMERICAN BUSINESS. WE WILL URGE THAT THERE BE FULL REPRESENTATION FROM EGYPTIAN PRIVATE SECTOR. WE MUST NOTE, HOWEVER, THAT IT CONSISTS MOSTLY OF RELATIVELY SMALL BUSINESSES. TO PROVIDE SOME COUNTERPART TO PREPONDERANT PUBLIC SECTOR REPRESENTATION, HOWEVER, WE SUGGEST THAT TWO OR THREE USG OFFICIALS, FROM UNDERSECRETARY TO DEPUTY ASSISTANT SECRETARY LEVEL, REPRESENTING COMMERCE, TREASURY AND STATE BE INCLUDED IN JBC.

4. MECHANICS: WE BELIEVE JBC SHOULD MEET TWICE YEARLY, ALTERNATING BETWEEN CAIRO AND US. IN US, WE BELIEVE MEETING MIGHT BE LOCATED IN DIFFERENT MAJOR CITIES EACH TIME. THIS WOULD HELP INVOLVE LOCAL CHAMBERS OF COMMERCE DIRECTLY IN JBC MISSION. FIRST MEETING SHOULD TAKE PLACE IN THE UNITED STATES AROUND JUNE, WITH SECOND MEETING IN CAIRO FOLLOWING OCTOBER OR NOVEMBER. WE BELIEVE THERE SHOULD BE PRELIMINARY MEETING OF AMERICAN SIDE PRIOR TO JOINT MEETING SO THAT DEPT CAN PRESENT HIGH-LEVEL

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BACKGROUND POLITICAL AND ECONOMIC BRIEFINGS. REGARDING STAFF WORK AND SECRETARIAT-TYPE SERVICES, WE ASSUME THAT JBC MEMBER COMPANIES WILL BE ABLE TO PROVIDE SOME PERSONNEL FOR THIS PURPOSE. ADDITIONAL HELP COULD COME FROM BCIU, US CHAMBER, COMMERCE AND PERHAPS CHAMBER OF COMMERCE IN PLACE WHERE MEETING IS HELD, AND FROM EGYPTIAN EMBASSY IN WASHINGTON. EMBASSY'S COMMERCIAL SECTION WOULD ASSIST IN HANDLING MEETINGS HERE IN CONJUNCTION WITH

MINISTRY OF ARAB AND FOREIGN ECONOMIC COOPERATION.
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